

THE FREE PORT

What It Is and How Its Establishment At Los Angeles Harbor Will Greatly Benefit Local Industrial Development.

By F. M. ANDREANI
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Like one who finds it difficult to see the forest for the trees, there is so much to say about the benefits of Free Ports or Foreign Trade Zones, as Congress has named them, I hardly know where to begin. Mr. Grace of W. C. Grace & Co., practically dismissed the subject by saying, "The advantage of a Free Port is so obvious as to require little argument." He did, however, make the following statement which, culled from the innumerable discussions waged during the many years of debate before Congressional Committees, should attract

undivided attention because of our geographical situation, to-wit: "The products of Latin America and Asia are moving in increasing volume through ports of the United States and we should provide every facility for the com-

mercial handling of this business."

As a matter of fact great impetus to Britain's maritime supremacy—major portion of which is transshipment trade as proved by the fact that during the first semester of 1917 over 75 per cent of our imports from England were from other than English sources—is given by the Customs facilities prevalent there making England one Great Free Port, and her most important maritime protectorates like Hong Kong, Singapore, Penang, Malacca and Aden are de facto or de jure Free Ports. Hence, in her brief for such designation presented Congress in 1918, Savannah, Ga., set forth: "Formerly London, Liverpool and Hamburg were important points for the collection of South American products and their distribution to the United States."

Reasons for Free Ports

Some of the reasons put forward by various localities during the discussion of pertinent Congressional legislation merit repetition here.

The San Francisco Chamber of Commerce appeal to Congress in 1918 argued that the cities of Hong Kong and Singapore were practically branch stores for the sale of Orient goods from all nations and assembly places for innumerable cargoes from all over the Orient for ultimate destination to Europe and the Americas, insisting that San Francisco ought to fill similar functions between the Orient and Spanish America and adding that the World's transshipment business being over four billion, it was well worth their effort to get their share. In spite of our legal handicaps, limited merchant marine and inadequacy of handling in our ports, re-exports from the United States climbed average before the opening of the Canal to 51 million in 1916, 64 million in 1917, over 100 million in 1918 and have hovered at over 170 million since 1919.

U. S. Chamber Recommends
The United States Chamber of Commerce at its eighth annual meeting adopted this resolution: "... Congress should enact legislation permitting the creation in American ports of areas where foreign materials and goods can be received for manufacture, repacking or other necessary handling, and be distributed to foreign destination without the expense and delays incident to passage through customs."

Individual Advantages
Aside from the vision of general expansion, consideration might be given the benefit to individual importers since in the consignment markets American buyers could examine goods before purchasing and also enjoy permission to repack to suit the technical and sometimes perplexing exigencies of trade as well as the import and customs laws of various countries.

I wonder if some one would say of Los Angeles what M. W. H. Douglass told the United States Tariff Commission about New York? "I think we shall be able to acquire a good share of the trade of the World if a Free Port were established here." "It is probable that a Free Port would not find encouragement to seek large export markets."

The Industrial Bureau of the Merchants' Association of New York summed up its volume of recommendations before the Tariff Commission, demanding the installation of a Free Port there because the development of a great collection and distribution center, a great international market, a center of more shipping lines, a transshipment point and a more efficient Port for the importation and exportation of merchandise, would:

- (1) Promote the commercial supremacy of the United States in all ports of the world;
- (2) Promote the commercial importance and efficiency of the Port of New York;
- (3) Directly benefit many of the industries of this country using foreign raw material, and
- (4) Create additional industry in the United States.

It is almost startling to note that a country endowed with our national resources should almost quadruple its importations of raw materials from the Far East and Latin America in less than two decades. Some smaller countries and some harbors cannot fill with or discharge a ship of one given commodity and we are so handy to many such localities that solvers of maritime problems like Major MacElroy comment as follows: "In the future, with the smaller South American markets opened to the United States it will be good business if many products, now handled uneconomically in broken lots, if at all, be consigned to an American Free Port in cargo lots for feeder line distribution to the smaller markets of Mexico and Central and South America."

Hamburg Cited
The 1927 survey-report of Hamburg, among many illuminating facts, shows: "The adoption of the Free Port principle has enabled Hamburg to greatly accelerate the dispatch of vessels. Not coming in contact with shore during river transit vessels technically remain abroad. Raw materials may be converted into semi-finished articles without payment of duty. This latter regulation has greatly promoted the development of the Port into a center of the transit trade by sea, and has caused numerous industries to settle there in addition to the old established shipbuilding. They enjoy duty free admission of raw

A Break for the Kiddies



CHILDREN ON TRAINS seem to enjoy the new stewardess service recently inaugurated on the "Challenger" of the Union Pacific Railroad. At least little Merilyn Denton appears perfectly content in the care of pretty Lucille Jenkins, one of the new stewardesses, while maina is busily engaged with her morning primping. The stewardesses on the new air-conditioned coach and tourist car trains are also registered trained nurses and their duties are to assist women who may be traveling alone, help mothers with small children and be of general assistance to all passengers.

This Big One Didn't Get Away



Alfred Peterson weighs in his prize catch during the annual Seattle Salmon Derby in which 235 fishermen took part. Peterson's catch, which he is just lifting from the scales, weighed 38 lbs. 12 oz. Bill O'Connor, representing the Seattle Chamber of Commerce, left, and Mayor Charles L. Smith, behind the angle, are on hand just to see the weighing is on the level.

materials and duty free exportation of semi-finished products and the saving of the cost of transport between the place of manufacture and seaport."

Free Port Explained
That explains a Free Port in a country that is otherwise protectionist; why Hamburg in 1914—before the war upset all statistics—did an annual business of 1,960 million dollars compared to and seriously crowding New York's 1,966 million, and why their per capita wealth is over 50 per cent higher than the average per capita wealth of the rest of Germany, notwithstanding the fact that manufacturing there is restricted because their land area is limited, as recently evidenced by about 300 applications for space when a new addition to the Free Port Zone was proposed.

Progress of Copenhagen
There follows naturally the explanation for Copenhagen's progress after debating for many years, spurred by the fear of losing trade in consequence of the opening of Kiel Canal, a Free Port was established and an area extensively improved in 1919. By 1919 the facilities were outgrown—perhaps because Copenhagen is now the quickest and cheapest northern European Port. In any

Weeds Take Heavy Toll

LINCOLN, Neb.—Weeds take an annual toll of more than \$34,000,000 in Nebraska, according to W. B. Hanning, state director of agriculture and inspection.

Bull Put in Harness

MARSHALL, Iowa.—Soren Sorenson, Marshall farmer, broke his 4-year-old Hereford bull to harness and now is using it for all work on a 160-acre farm. The bull will work beside horses.

Girl Braves Deformity

BELOIT, Wis.—Vera Dudek, 17, paralyzed from her waist down since an automobile accident in 1933, bakes, sews, irons and does other household chores. She is happy, she says.

Job Placed Above Wife

MT. BLANCHARD, O.—Charging that her social activities made it impossible for him to obtain a teaching position, Odie Clark sued his wife for divorce.

Ghost City's Jail Moved

MARTINEZ, Cal.—A steel jail cell that 40 years ago served the ghost city of Nortonville, has been moved to Brentwood for installation in a reconstructed jail.

Police Insignia Stolen
BOSTON.—Someone, apparently wishing to avoid arrest for traffic violations, stole a state police insignia from a cruising car outside the State House.

of the Mediterranean.
People evidently are becoming progressively interested in foreign trade. The Department of Commerce received an average of 700 daily requests for such information back in 1931. In 1933 the mails brought 11,000 queries per day.

What May Be Done?

What may be done in Foreign Trade Zones, now that Governor Merriam has signed the legislative enabling Act and they may be established in California?

A part of section 3 of H. R. 3322 now in volume 48, part one of United States statutes at large, providing for Foreign Trade Zones at Ports of Entry, reads as follows: "Foreign and domestic merchandise of every description, except such as is prohibited by law, may, without being subject to the customs laws of the United States except as otherwise provided in this Act, be brought into a zone and may not be manufactured or exhibited in such zone, but may be stored, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated and be exported and foreign merchandise may be sent into customs territory of the United States therefrom, in the original package or otherwise; but when foreign merchandise is so sent from a zone into customs territory of the United States it shall be subject to the laws and regulations of the United States affecting imported merchandise."

And in the title of the Act this phrase explains its purpose: "... to expedite and encourage foreign commerce."

Why Delay

In this agglomeration of data and opinions I have endeavored to refrain from injecting my personal views. But inasmuch as Southern California is on the right side of the Panama Canal, and closest to it, and has so many natural and economic advantages, and since it seems apparent international business in both raw and finished products surely and steadily is moving to the Pacific, may I at last ask one wee short question—"What in Heaven is keeping our authorities and business leaders from establishing here the first of those Foreign Trade Zones?"

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Survives Fall Under Truck

MISSOULA, Mont. (U.P.)—Chums of Ellis Hoge, 11, marvel over his super strength. The youth was run over by a heavy truck, but was unhurt. The vehicle passed over his stomach.

Arizona Business Gains

PHOENIX, Ariz.—Arizona business spurred during the first six months of 1935, or 21.8 per cent over the same period for 1934, the Arizona State Chamber of Commerce reports.

Jail Becomes 'Can'

TAUNTON, Mass.—The jail—sometimes colloquially the "can"—has become a chimney. An ERA can act has been set up in kitchen.

Ohio Sets Liquor Act

COLUMBUS, O.—The Ohioan over 20 years drink one gallon of liquor according to estimates by the state liquor controlment.

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With Which Is Consolidated the Lomita News
Published Every Thursday
GROVER C. WHYTE, Editor-Publisher
1336 El Prado, Telephone Torrance 444
Torrance, California

MEMBER
California Newspaper Publishers Association

Published weekly at Torrance, California, and entered as second class matter January 30, 1934, at the Postoffice at Torrance, California, under the Act of March 3, 1879.
OFFICIAL PAPER OF THE CITY OF TORRANCE
Adjudicated a Legal Newspaper of Los Angeles County, Superior Court Case No. 218478, Dated March 22, 1937.
Subscription Rates in Advance
Anywhere in Los Angeles County \$2.00 per year
Anywhere in the U. S. Outside of Los Angeles County \$3.00 per year
Canada and Other Foreign Countries \$6.00 per year
Single Copies 5c